Swami Ramanand Teerth Marathwada University, Nanded

Ph.D. Synopsis on

An Analysis of Corporate Social Responsibility (CSR) Practices in Private Banks: A Case Study of Thane District

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Submitted

By

Anil Telinge

(M.Com, SET, GDCA)

Under the Guidance of

Dr. Balaji Gurunath Kalambe

Assistant Professor & Research

Supervisor

(M.com, MBA, NET, SET, Ph.D.)

Department of Commerce

Dayanand College of Commerce Latur

Research Centre

Dayanand College of Commerce Dist. - Latur

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Introduction

Corporate Social Responsibility- Concept

Corporate Social Responsibility (CSR) has gained significant attention in the global business environment, especially in India, where it is considered both a business obligation and an opportunity to contribute to society's development. In the context of the banking sector, CSR initiatives have evolved as a means for banks to contribute to social causes, while simultaneously enhancing their brand image and stakeholder relations.

The banking sector, being a crucial component of the financial system, has a unique role in CSR practices. Thane District, located in Maharashtra, has a vibrant banking network comprising public, private, Co-operative and foreign banks, which are implementing CSR strategies in various forms. However, the extent of CSR initiatives and the perception of bank managers towards these initiatives has not been adequately studied, particularly in Thane District. This research aims to explore the CSR initiatives undertaken by banks in Thane District and examine how bank managers perceive and implement these initiatives. Understanding these perceptions can help in evaluating the effectiveness of CSR strategies and their impact on both the banks and the communities they serve. According to Section 135 of the Companies (Amended) Act 2013, Corporate Social Responsibility is a new idea. The whole idea of CSR has been investigated from the perspective of financial organizations in this research. It includes making CSR decisions, funding CSR projects, addressing social, economic, and environmental issues through CSR projects, achieving sustainability through it, creating a positive impact of business on stakeholders, designing an internal hierarchy or mechanism to implement CSR projects, developing a system for project execution in selected banks, and so on.

2. Review of Literature:

Sarita Maharana (2013), examined five nationalized Indian banks In her study, Allahabad Bank, Andhra Bank, Bank of Baroda, State Bank of India, and UCO Bank. The goal of this study was to examine the current CSR initiatives being carried out by a few selected banks and to provide additional suggestions for enhancing their efficacy. She came to the conclusion that, as a result of the fierce competition on a global scale, Indian businessmen's attitudes towards CSR are changing, and she suggested stepping up government participation in CSR initiatives. She also said that, from the perspective of consulting, the sector is still in its infancy, and that the media plays a crucial role in disseminating this knowledge to the public.

Namrata Singh, Rajlaxmi Srivastav, and Rajani Rastogi (2015), in their study, detailed the various approaches taken on several Indian social concerns by four major Indian banks. Additionally, they went into great detail about the spending habits of banks, the amount spent in excess of the CSR cap, surpluses and deficits in spending, the major spending sectors based on CSR data from NGOBOX, the Indian CSR report on analysis of CSR programs of 100 top companies, annual reports of banks, and business responsibility reports from banks and journals. The banking industry has begun to spend 2% of net profit on CSR projects, according to an analysis of the CSR spending of 19 Indian institutions. In accordance with the survey, only

0.70 percent of the selected banks of their average net earnings of financial years 2011 to 2013.

There is worse situation in public sector banks, where these banks have spent just 0.43% of their average net earnings in these three years. According to this study private sector banks have spent a lot more on CSR, than their peers in public sector.

Eliza Sharma and Dr. Mukta Mani (2013), corporate social responsibility (CSR) initiatives carried out by Indian commercial banks were examined by authors. Annual reports from a few banks for the years 2009–2010 to 2011–2012 were used in this investigation. The study's authors considered the following factors: branch expansion in rural areas, lending to priority industries, environmental protection efforts, and community welfare initiatives for women, financial literacy programmers, and issues pertaining to farmers and education. This study has demonstrated that while Indian banks are making CSR efforts, there is still room for improvement. The banks should at the very least follow the rules. In this analysis, public sector banks made the largest overall contributions to CSR initiatives, whereas private sector is still following them.

Bert Scholtens (2006), Finance is related to both Corporate Social Responsibility and the sustainability of economic development, the three financing options provide the opportunity to steer economic activity in a way that considers social, moral, and environmental concerns.

Friedman (2006), "There is one and only one social responsibility of business," "and that is to use its resources and engage in activities designed to increase its profits so long as it plays by the rules, that is, so long as it engages in open and free competition without deceit or fraud."

Zain (2008) claimed that ethical standards are crucial to a company's long-term performance. A company's ethical behavior and social responsibility standards can foster goodwill among all of its stakeholders.

Sharma (2011) attempted to analyses CSR practices and CSR reporting in India with particular reference to the banking sector and came to the conclusion that while the Indian banking sector is displaying interest in incorporating sustainability into their business models, their CSR reporting practices are far from satisfactory.

Reserve Bank of India (2007), corporate social responsibility (CSR) refers to the incorporation of social and environmental issues by businesses in their commercial operations as well as in their relationships with stakeholders. In both public and private sector banks in India, the main focus areas for CSR practice are prevalent. These include women's empowerment, community welfare, education, the environment, and healthcare, eradicating poverty in rural areas, vocational training, children's safety, and employment.

3 Research Aims and Objectives

To examine the CSR policies and practices implemented by private banks in thane district.

To analyze the factors influencing the CSR decision in private banks.

To assess the impact of CSR activities on the community, environment and stakeholders.

To compare different banks in terms of CSR practices.

To study opinion of consumers towards CSR of their banks.

To explore the challenges and barriers faced by banks in implementing CSR strategies.

4 Significant of Study

This research will contribute to understanding how private banks in thane district implementing CSR activities, what challenge they face and how their efforts impact the community. It will provides valuable for policy makers, financial institutions and CSR professionals.

Statement of Problem: A Analysis of Corporate Social Responsibility (CSR) Practices in Private Banks: A Case Study of Thane District

Despite the growing significance of CSR, there is limited research specifically addressing the CSR practices in Private Banks within the Thane district, especially considering their different operational practices and socio – economic characteristics of the region. This study seeks to feel this gap by evaluating the CSR initiative of these banks, understanding their strategies, and assessing their effectiveness in achieving sustainable social impact.

5 Identification of the Study's problem: - In the current context, Corporate social responsibility (CSR) is becoming increasingly important in emerging countries, regardless of legislative structures or societal moral ideals. In this aspect, banks have become increasingly important as their reach has spread across all levels of Indian society. Banks currently contribute significantly to social development, education, water, the environment, health and safety, and other sectors. As a result, it is necessary to investigate CSR in banking. As a result, the researcher wishes to investigate the CSR practices employed by various banks in Thane city in order to assist the government, society, and other stakeholders in its endeavor.

Furthermore, the current analysis includes private sector banks, and cooperative banks with head offices and zonal offices in Thane.

6. Research Hypotheses: The following hypothesis has been developed to answer the research questions:

H0: The extent of CSR activities in private banks in thane district positively correlated with their profitability

And market reputation.

H1: Private Banks may engage in CSR activities not only due ethical considerations but also to enhance their

Brand image and attract more customers which helps to increase profit.

H0: The CSR initiatives of private banks in Thane district focus primarily on Community development and Environmental sustainability.

H1: Banks often prioritize initiatives that have a local impact and align with the boarder goals of national Sustainability agenda.

H0: The CSR practices of private banks in thane district are more aligned with customer expectations than

With employee welfare.

H1: Banks give importance CSR activities that enhance customer relations and satisfaction, such as financial

Literacy program.

H0: The scale and scope of CSR activities are depends on size and financial strength of the private banks Operating in thane districts.

H1: Larger and financial sound bank may have the resources to implement effective and diversified CSR Programs. Compare to smaller banks with few resources.

H0: Private Banks in Thane district that engaged in CSR activities are likely have better relationship with Local governments and communities.

H1: CSR engagement of Banks helps good relationship with local stakeholders which leads to smooth Operation of private banks.

7. Scope of the study:

This study focuses on An Analysis of Corporate Social Responsibility CSR practices in Private bank within Thane district covering both urban and rural areas. The study will also examine the role of banking sector to developed educational, employability and other aspect of remote area of Thane district.

Limitation of the Study: The limited area of this research study to thane district private sector bank only. The primary data collection will be limited up to previous 5 years and secondary data collection is limited to previous 10 years.

8. Research Methodology

Sampling

The empirical research approach has been used for the current investigation. Both qualitative and quantitative and quantitative data have been gathered and utilized for this aim. This research has both quantitative and qualitative components. It is quantitative because it deals with specific funding and expenditure data ,and it is qualitative because it deals with quality of the money spend on CSR projects ad also takes into account the customers opinion of it. In the current study, the researcher has attempted to analyses the CSR initiatives carried out by various banks. The selected banks and respondents will be treated as the dependent variable in this study, whereas CSR activities and their various views are independent factors.

Data collecting method:

- **Primary data**

For the goal of gathering primary data, the main component of this study, the researcher chose a primary survey. A systematic questionnaire created with this objective in mind was used to collect the primary data. The researcher has created questionnaires that include all relevant information about the investors' demographics, including their age, income level, gender, level of education, and investment.

Primary data has been collected from Mumbai region banks by use of

- Questionnaire
- Personal interviews

- **Secondary data**

The secondary data has been collected from sources already existing like -

- Research Journals
- Newspapers
- Periodicals
- Magazines
- Government Publications

- Annual reports
- Thesis
- Conference papers
- Bank Publications and Bulletins
- Websites

9. Key Challenges of CSR Activities of banking sectors in Thane district.

- **Limited Data Access**

  Availability of Data: Banks may be hesitant to share detailed CSR data, particularly if it pertains to their internal strategies, financial implications, or long-term goals. Since CSR initiatives can be sensitive to public perception, some banks might not disclose comprehensive information.

  Lack of Standardized Reporting: The absence of consistent reporting standards across banks in the Thane district can make it difficult to compare CSR efforts directly.

  Reliability of Secondary Data: Most of the data on CSR initiatives will be secondary (e.g., reports, online information), and its reliability might be questionable if it is not verified or updated frequently.

- **Geographical Constraints (Thane District) :**

  Local Context Variability: CSR initiatives in the banking sector might differ significantly across regions. Thane, being a growing metropolitan area near Mumbai, might have banks focused on specific local issues (e.g., community development, financial literacy) compared to those in other areas

- **Evolving CSR Trends:**

  Changing CSR Norms: CSR practices and perceptions are continuously evolving. What may be considered a top priority today could change within a few years as social expectations, government regulations, or public concerns shift.

- **Cultural and Social Context :**

Local Community Expectations: In Thane, local communities might have specific needs (e.g., affordable housing, rural development, environmental sustainability) that are not being met by banks, leading to a mismatch between public expectations and the CSR activities of banks.

- **Legal and Regulatory Barriers:**

  Compliance vs. Genuine CSR: Some banks may only undertake CSR activities to meet legal obligations (e.g., the Companies Act 2013 in India mandates CSR for profitable companies), which can affect how managers perceive CSR's strategic importance.

10 Research Implications:

The current study takes a comprehensive look at the CSR idea from a scientific, long-term, and holistic standpoint. The researcher divided the study into sections to gain a more detailed understanding. With increased urbanization and technology, the concept of corporate social responsibility (CSR) is becoming increasingly popular. Today, the business is willing to spend the money, but there is a shortage of expertise and baseline research for specific CSR rehabilitation initiatives. The current study would benefit people who want to donate to society and those who want to work for society through CSR funds. The study will help policymakers, academics, and stakeholders understand CSR and the managerial role in influencing it.

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CHAPTER SCHEME

Tentative chapter Scheme:

Chapter 1. Introduction and Overview.

Chapter 2. Review of Literature.

Chapter 3. Research Methodology.

Chapter 4. Profile of CSR Activities of Banking Sector of Thane district.

Chapter 5. Challenges faced by banking sectors towards CSR activities in thane district.

Chapter 6. Data analysis and Interpretation of primary and secondary data.

Chapter 7. Conclusion, Suggestions and Recommendation.

Mr. Anil K. Telinge.
(Research Scholar)

Dr. Balaji Kalambe
(Research Supervisor)